



SUPREME COURT OF THE PHILIPPINES
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Republic of the Philippines
Supreme Court
Manila

THIRD DIVISION

GMA NETWORK, INC.,
Petitioner,

G.R. No. 205498

Present:

-versus-

LEONEN, J., *Chairperson*,
HERNANDO,
INTING,
DELOS SANTOS, and
LOPEZ, J., *JJ.*

LUISITA CRUZ-VALDES and
ABS-CBN BROADCASTING
CORPORATION,
Respondents.

Promulgated:
May 10, 2021

Mis-Debat

X-----X

DECISION

LEONEN, J.:

A contracting party cannot insist that the other party has breached their contract when it has stopped fulfilling its own obligations. Moreover, a third person cannot commit tortious interference with a contract when a legitimate reason exists behind their conduct.

This Court resolves a Petition for Review on Certiorari¹ filed by GMA Network, Inc. (GMA) assailing the Decision² and Resolution³ of the Court

¹ *Rollo*, pp. 3–58.

² Id. at 60–79. The July 25, 2012 Decision in CA-G.R. CV No. 91739 was penned by Associate Justice Agnes Reyes-Carpio and concurred in by Associate Justices Rosalinda Asuncion-Vicente and Priscilla J. Baltazar-Padilla (now a retired member of this Court) of the Eighth Division, Court of Appeals, Manila.

³ Id. at 81–82. The January 17, 2013 Resolution in CA-G.R. CV No. 91739 was penned by Associate Justice Agnes Reyes-Carpio and concurred in by Associate Justices Rosalinda Asuncion-Vicente and Priscilla J. Baltazar-Padilla (now a retired member of this Court) of the Eighth Division, Court of Appeals, Manila.

of Appeals, which affirmed the Regional Trial Court Decision⁴ finding no breach of contract on the part of Luisita “Luchi” Cruz-Valdes (Cruz-Valdes) and awarding her actual damages. It also absolved ABS-CBN Broadcasting, Inc. of liability for tortious interference.

On June 1, 1998, GMA hired Cruz-Valdes as a production unit manager for its News and Public Affairs Division.⁵ She oversaw the production of GMA’s major news programs, and was “directly responsible for the editorial and ethical integrity, production quality and commercial viability” of these programs.⁶

In 2001, Cruz-Valdes and GMA entered into a Talent Agreement.⁷ Per the agreement, Cruz-Valdes would be engaged as a talent for several of GMA’s programs: a host for “I-Witness,” a writer for “Saksi,” a reporter for “Brigada Siete,” and a segment host for “Unang Hirit.”⁸

The General Terms of the Talent Agreement provided in part:

4. Considering that TALENT may render services for other GMA programs, TALENT will not render, for compensation or otherwise, any service for or in any other television, radio, cable or internet production of any person, firm, corporation or entity, without the prior written consent of GMA. TALENT will not endorse, mention, announce or otherwise promote in the PROGRAM(s) any other radio or television program, episode, segment or feature of any other radio or television station unless expressly allowed in writing to do so by GMA.

5. TALENT shall not appear or permit his or her name, voice or likeness to be used directly or indirectly for promoting any product or service in print, TV or radio, or in any other form of advertisement, without the prior written consent of GMA, which consent shall not be unreasonably withheld.

6. The terms of this Agreement and other confidential information, including plans for the PROGRAM(s), shall not be divulged by TALENT to anyone. TALENT agrees to take up his or her suggestions and criticisms of the PROGRAM or GMA directly with the proper officers of GMA and not to discuss or release the same to the press or other media. TALENT shall not use the PROGRAM(s) as a venue to broadcast or announce any criticism, disagreement, legal problem or some other unflattering remark regarding or affecting GMA.

.....

15. The services rendered by TALENT and the rights and privileges granted to GMA hereunder are of a special, unique, extraordinary and

⁴ Id. at 154–161. The June 27, 2000 Decision in Civil Case No. Q-01-45800 was penned by Judge Tita Marilyn Payoyo-Villordon of the Regional Trial Court, Branch 224, Quezon City.

⁵ Id. at 61.

⁶ Id. at 9.

⁷ Id. at 83–86.

⁸ Id. at 61.

intellectual character which gives them a peculiar value the loss of which cannot be reasonably or adequately compensated in damages in any action law, and TALENT's breach of any of the provisions contained in this Agreement will cause GMA great and irreparable injury and damage. TALENT expressly agrees that GMA shall be entitled to the remedies of injunction, specific performance and other equitable relief to prevent TALENT's breach of this Agreement.

16. This Agreement may, at the exclusive option and discretion of GMA, be terminated at any time before the expiration of the Term upon thirty (30) days' prior written notice to TALENT. At GMA's sole and absolute discretion, this Agreement may also be suspended or terminated immediately at any time for any of the following causes: (a) TALENT is found to have committed a breach of any of his or her obligations or warranties under this contract; (b) TALENT's performance, efficiency record or quality of work fails to meet the standards of GMA which were previously disclosed to TALENT; (c) the PROGRAM(s) are suspended or cancelled; (d) TALENT has been incapacitated or discovered to be physically or mentally unfit; (e) TALENT does any act or thing which amounts to a crime, or which shall bring TALENT into disrepute, contempt, scandal or ridicule, or which shall reflect unfavorably upon GMA, or which may be injurious to the success of the PROGRAM(s); or (f) Any circumstance or condition recognized by pertinent law or jurisprudence. Upon termination of this Agreement as provided in this paragraph, TALENT will not be entitled to receive any further talent fees.

17. Should GMA cancel or suspend the PROGRAM(s), GMA shall have the exclusive option to assign TALENT to another program or retain TALENT as an exclusive talent even without a specific assignment. In either of these cases, GMA shall pay the Talent Fee, and Talent, in turn, shall be obligated not to render any service for or in any other radio, television, cable or internet production of any person, firm or corporation or any entity competitive with GMA for the remainder of the Term. Should GMA not exercise this option, then the provisions of the previous paragraph shall govern[.]⁹

Through a letter dated October 15, 2001, Cruz-Valdes tendered her resignation to Marissa Flores (Flores), GMA's Vice President for News and Public Affairs. The letter reads:

Dear Marissa,

I respectfully tender my irrevocable resignation as Production Unit Manager for News effective November 15, 2001.

A new opportunity has opened up for me, and I feel that the time is right for me to accept it.

I wish to thank you and the company for having shown me considerable trust and confidence in the more than three years I spent as PUM for News as well as a host for a number of programs. I wish you all the best.

⁹ Id. at 85-86.

(Signed)
Luchi Cruz-Valdes¹⁰

Upon receiving the resignation letter, Flores advised Cruz-Valdes to avail her terminal leave and told her that she no longer needed to report to work. The following day, Cruz-Valdes received a call from Cocoy Boncan, executive producer for "I-Witness," informing her that she had been replaced by Jay Taruc as host for "I-Witness" and Rhea Santos as segment host for "Unang Hirit."¹¹ Her colleagues also called and messaged her that her resignation had been announced at a department meeting.¹²

One week after Cruz-Valdes had resigned, Kelly Vergel de Dios, the administrative manager for GMA's News and Public Affairs, asked her to turn over the company-issued items. This included a two-way radio, cellphones, her company ID and GMA Media ID, a copy of the policy manual and collective bargaining agreement, and her company files. This was a requirement for her money and accountability clearance. Her company email account was also terminated.¹³

In November 2001, GMA stopped paying Cruz-Valdes's talent fees.¹⁴

In the meantime, Cruz-Valdes complied with all of the clearance requirements, and was given the final amount of her financial liabilities.¹⁵

However, on November 8, 2001, Cruz-Valdes received a letter from GMA's counsel informing her that her resignation breached the Talent Agreement. The letter demanded her compliance with paragraphs 4, 5, 6, and 15 of the Talent Agreement.¹⁶

On November 15, 2001, ABS-CBN Broadcasting Corporation (ABS-CBN) hired Cruz-Valdes as its Vice President for News.¹⁷

On December 14, 2001, GMA filed before the Regional Trial Court a Complaint with Urgent Prayer for Temporary Restraining Order and/or Writ of Preliminary Injunction. The Complaint was for breach of contract, declaration of nullity of contract, tort, injunction, and damages.¹⁸

¹⁰ Id. at 87.

¹¹ Id. at 63-64.

¹² Id. at 64.

¹³ Id.

¹⁴ Id.

¹⁵ Id.

¹⁶ Id.

¹⁷ Id. at 65-66.

¹⁸ Id. at 66.

On December 28, 2001, the Regional Trial Court granted the Writ of Preliminary Injunction. It enjoined Cruz-Valdes and ABS-CBN from continuing with the contract between them. GMA was required to file a P500,000.00 bond to answer for all damages Cruz-Valdes and ABS-CBN would sustain should the court find that the injunction was improper.¹⁹

Cruz-Valdes and ABS-CBN assailed the injunction through a Petition for Certiorari, but the Court of Appeals dismissed it and upheld the injunction.²⁰ It noted that if Cruz-Valdes's employment with ABS-CBN was not enjoined, it would open "floodgates for others similarly situated as Cruz-Valdes to preterminate their exclusive talent agreements with GMA, to the latter's irreparable injury."²¹

Meanwhile, the breach of contract case proceeded to trial. In its June 23, 2008 Decision,²² the Regional Trial Court ruled in favor of Cruz-Valdes and ABS-CBN.²³ The dispositive portion of the Decision reads:

WHEREFORE, in view of the foregoing, the instant case for Breach of Contract, Declaration of Nullity of Contract, Tort, Injunction and Damages with Urgent Prayer for Temporary Restraining Order and Preliminary Injunction filed by GMA Network, Inc. against defendants Luisita Cruz-Valdes and the ABS-CBN Broadcasting Corporation is hereby DISMISSED. The Plaintiff GMA is ordered to pay the amount of Two Million Pesos (P2,000,000.00) to the defendant Luisita Cruz-Valdes as payment for ACTUAL DAMAGES sustained by the same.

SO ORDERED.²⁴

GMA appealed to the Court of Appeals, arguing that the Regional Trial Court erred when it did not find that Cruz-Valdes breached the Talent Agreement, or that ABS-CBN was liable for tortious interference. It also contested the actual damages awarded to Cruz-Valdes.²⁵

On July 25, 2012, the Court of Appeals rendered the Decision²⁶ denying the appeal for lack of merit. It agreed with the Regional Trial Court that Cruz-Valdes only resigned as a production unit manager, not a talent.²⁷

The Court of Appeals found that it was possible under the Talent Agreement for one of GMA's talents to work for another network. It noted

¹⁹ Id.

²⁰ Id. at 67.

²¹ Id. at 20.

²² Id. at 154-161.

²³ Id. at 67.

²⁴ Id. at 161.

²⁵ Id. at 69.

²⁶ Id. at 60-79.

²⁷ Id. at 70.

that under paragraph 4 of the Talent Agreement, the talent may work for another production, so long as GMA gives its consent.²⁸

Furthermore, the Court of Appeals affirmed the trial court's finding that it was GMA that rendered it impossible for Cruz-Valdes to comply with the Talent Agreement. It highlighted that Cruz-Valdes had already been replaced as host in "I-Witness" and "Unang Hirit," and had been made to surrender the items she needed to perform her duties as a talent.²⁹

On the issue of tortious interference, the Court of Appeals found that ABS-CBN's conduct was legally justified. It ruled that "the defendant must have acted with malice or must have been driven by purely impure reasons to injure the plaintiff" to be deemed tortious interference.³⁰ Yet, it found that ABS-CBN did not hire Cruz-Valdes to damage GMA's operations.³¹ ABS-CBN was not in need of a talent, but a news executive who could train and supervise its employees, which were tasks different from Cruz-Valdes's job as a talent for GMA.³²

Besides, the Court of Appeals noted, GMA never showed disapproval of Cruz-Valdes's employment with ABS-CBN, despite her mentioning in her resignation letter that she was taking on a new opportunity.³³

As to the monetary awards, the Court of Appeals denied GMA's claim for liquidated damages because it found that Cruz-Valdes did not breach the Talent Agreement. She and ABS-CBN were likewise not held liable for exemplary damages because the Court of Appeals found that they "did not commit any wrong that needs to be corrected."³⁴

The Court of Appeals also ruled that the award of ₱2,000,000.00 as actual damages to Cruz-Valdes was correct.³⁵ To it, Cruz-Valdes was entitled to ₱800,000.00 under the Talent Agreement for the time she was deprived of her earnings from October 15, 2001 to August 20, 2002.³⁶ She was also deemed correctly awarded ₱1,785,000.00, the amount she would have earned as ABS-CBN's news executive were it not for the injunction.³⁷

Hence, Cruz-Valdes would have been entitled to an estimated total of ₱2,500,000.00. The Court of Appeals said that the Regional Trial Court correctly deducted ₱500,000.00 owing to the bond GMA posted for the

²⁸ Id. at 71-72.

²⁹ Id. at 72.

³⁰ Id. at 74.

³¹ Id.

³² Id. at 75.

³³ Id. at 74.

³⁴ Id. at 76.

³⁵ Id. at 78.

³⁶ Id. at 77.

³⁷ Id.

injunction.³⁸ Finally, it did not award attorney's fees because the case did not fall under Article 2208 of the Civil Code.³⁹

The dispositive portion of the Court of Appeals Decision reads:

WHEREFORE, in view of the foregoing, the instant Appeal is **DENIED** for lack of merit. The Decision, dated June 23, 2008, issued by the Regional Trial Court of Quezon City, Branch 224 in Civil Case No. Q-01-45800 is **AFFIRMED**.

SO ORDERED.⁴⁰ (Emphasis in the original, citation omitted)

In a January 17, 2013 Resolution,⁴¹ the Court of Appeals denied GMA's Motion for Reconsideration for raising no new arguments. Hence, GMA filed this Petition for Review on Certiorari.⁴²

Petitioner claims that this case is an exception to the rule that this Court does not entertain questions of facts in a Rule 45 petition. It argues that the Court of Appeals disregarded salient facts and evidence, making its Decision entirely grounded on speculation, surmises, and conjectures.⁴³

According to petitioner, the Court of Appeals ignored its own findings in the prior injunction case, where it had stated that respondent Cruz-Valdes's transfer to respondent ABS-CBN posed a possible breach of the Talent Agreement.⁴⁴ It had also said that whatever damage was sustained by respondents from the injunction was of their own doing.⁴⁵

Petitioner also claims that respondent ABS-CBN's President Federico Garcia (Garcia) induced respondent Cruz-Valdes to terminate her contract with petitioner and work as ABS-CBN's Vice President for News. This was supposedly done after Garcia had learned of the Talent Agreement.⁴⁶

Petitioner says respondent Cruz-Valdes breached paragraph 4 of the Talent Agreement when she transferred to respondent ABS-CBN without petitioner's written consent.⁴⁷ It cites *Sonza v. ABS-CBN Broadcasting Corporation*,⁴⁸ which recognized that the exclusive nature of talent contracts

³⁸ Id.

³⁹ Id. at 78-79.

⁴⁰ Id. at 79.

⁴¹ Id. at 81-82.

⁴² Id. at 3-58.

⁴³ Id. at 5.

⁴⁴ Id. at 6-7.

⁴⁵ Id. at 7.

⁴⁶ Id. at 13.

⁴⁷ Id. at 28.

⁴⁸ 475 Phil. 539 (2004) [Per J. Carpio, First Division].

is dictated by fairness and equity owing to the substantial investments a network spends on its talents and the programs they appear in.⁴⁹

Additionally, petitioner claims that Flores, to whom respondent Cruz-Valdes submitted her resignation letter, was not authorized to accept resignations under the company's HRM Policy No. 028. This policy states that those occupying managerial positions should submit their resignations to the company's president/chief executive officer or executive vice president/chief operations officer.⁵⁰

Petitioner explains that Flores advised respondent Cruz-Valdes to go on terminal leave to prevent her from obtaining further information from the company. It says this is only reasonable given the television industry's competitive nature.⁵¹ Adds petitioner, this is also why Cruz-Valdes was made to surrender her company-issued properties and not given any more assignments. Petitioner sees her resignation as a change of allegiance, which required putting safeguards to protect trade secrets.⁵²

Moreover, petitioner argues that replacing respondent Cruz-Valdes with other talents cannot mean it acquiesced to her resignation. It says it was only compelled to find replacements to avoid renegeing on its advertising contracts with sponsors.⁵³

Petitioner denies not showing any disapproval of respondent Cruz-Valdes's employment with ABS-CBN. It notes how its counsel sent her a letter informing her that her resignation breached the Talent Agreement, which was a clear objection on her resignation. Petitioner says this breach of contract case speaks loudly of its objection.⁵⁴

Thus, to petitioner, respondent ABS-CBN is liable for tortious interference for not even verifying whether it objected to respondent Cruz-Valdes's new job, given that it knew of the Talent Agreement.⁵⁵

Petitioner notes that respondent ABS-CBN could not have innocently hired respondent Cruz-Valdes as its Vice President for News, a high-ranking position with a high salary. It says ABS-CBN did this to get ahead of it by whatever means, including pirating its key persons.⁵⁶

⁴⁹ *Rollo*, p. 29.

⁵⁰ *Id.* at 31.

⁵¹ *Id.*

⁵² *Id.* at 33

⁵³ *Id.*

⁵⁴ *Id.* at 37-38.

⁵⁵ *Id.* at 38-39.

⁵⁶ *Id.* at 39.

Petitioner adds that respondent Cruz-Valdes cannot at once be its talent and be respondent ABS-CBN's Vice President for News.⁵⁷ It says that as its talent, she could access its news sources and information, which she could then use for ABS-CBN. This, it says, is detrimental in news and public affairs, where the ratings game favors the network that "gets it first and gets it right[.]"⁵⁸ Inducing Cruz-Valdes to work as its Vice President for News only shows ABS-CBN's bad faith and malice, says petitioner.⁵⁹

As to the award of damages, petitioner argues that the Court of Appeals had no reason to award actual damages to respondent Cruz-Valdes for her unearned income, given her supposed act of abandonment.⁶⁰ Since she no longer rendered any services, petitioner cannot be faulted for discontinuing payment of her talent fees.⁶¹

Petitioner quotes the Court of Appeals Decision in the injunction case, which stated that any damage respondents sustained from the injunction was of their own doing, because it was respondent Cruz-Valdes's resignation and transfer to respondent ABS-CBN that caused the controversy.⁶²

Petitioner claims that the injunction bond it posted should only answer for damages if it were not found entitled to the injunction. However, it maintains that the injunction was proper and was even sustained by the Court of Appeals. It thus sees no legitimate reason to award actual damages arising from the injunction.⁶³

Petitioner says respondent Cruz-Valdes should be held liable for damages for contravening the tenor of the Talent Agreement. It claims ₱1,946,666.40 as liquidated damages⁶⁴ and, in addition, exemplary damages to deter similarly wanton and deliberate acts of contractual breach.⁶⁵ Likewise, it claims exemplary damages from respondent ABS-CBN for its malicious interference with the Talent Agreement.⁶⁶ Lastly, it contends that it is entitled to attorney's fees and suit expenses.⁶⁷

In respondents' Comment,⁶⁸ they argue that the Petition raises questions of fact which are outside the scope of a Rule 45 petition.⁶⁹

⁵⁷ Id.

⁵⁸ Id. at 41.

⁵⁹ Id. at 42.

⁶⁰ Id. at 43.

⁶¹ Id. at 44.

⁶² Id.

⁶³ Id. at 46.

⁶⁴ Id. at 47-48.

⁶⁵ Id. at 48.

⁶⁶ Id. at 50.

⁶⁷ Id.

⁶⁸ Id. at 178-212.

⁶⁹ Id. at 178.

Respondents maintain that in the television broadcast industry, talents are not considered employees, but independent contractors. They point out that petitioner at once engaged Cruz-Valdes as a talent and an employee, having also been its production unit manager. Thus, when ABS-CBN expressed its willingness to hire Cruz-Valdes as the Vice President for News, Cruz-Valdes resigned only as petitioner's employee, not as a talent.⁷⁰

Respondents admit that ABS-CBN's President Garcia had been informed of the Talent Agreement in a meeting with Cruz-Valdes in October 2001, before she resigned from GMA. Even then, respondents argue, Garcia saw no problem with Cruz-Valdes working for two networks.⁷¹

Yet, respondents say after Cruz-Valdes had resigned as production unit manager, her services as a talent were also terminated. Petitioner had told her to go on terminal leave, stopped paying her talent fees, replaced her with other talents,⁷² and ordered her to surrender the company-issued properties she used as a talent.⁷³ Petitioner had never asked her to continue rendering services as a talent, which respondents say was already impossible to do with the lack of resources. All of these led Cruz-Valdes to believe that petitioner had unilaterally terminated the Talent Agreement.⁷⁴

Thus, to respondents, petitioner has already lost the right to insist on the Talent Agreement's exclusivity.⁷⁵

Refuting the claim of tortious interference, respondents reiterate that both lower courts found that ABS-CBN had legal justification for hiring Cruz-Valdes. Citing *Lagon v. Court of Appeals*,⁷⁶ they argue that interfering with the business relations of another is justified when the motive is for the actor's benefit.⁷⁷

Respondents also belie petitioner's claim that talent agreements in the industry are exclusive in nature. It recalls how petitioner has allowed its other talents to work for its competitors, citing examples like Vic Sotto, who simultaneously worked as host for GMA's "Eat Bulaga" and TV5's "Who Wants To Be a Millionaire," among others.⁷⁸

Respondent add that petitioner misses the point by insisting that it did not give a written consent for Cruz-Valdes to work for ABS-CBN. They

⁷⁰ Id. at 179.

⁷¹ Id. at 183-184.

⁷² Id. at 184.

⁷³ Id. at 179-180.

⁷⁴ Id. at 185.

⁷⁵ Id.

⁷⁶ 493 Phil. 739 (2005) [Per J. Corona, Third Division].

⁷⁷ *Rollo*, p. 206.

⁷⁸ Id. at 196.

say this is immaterial since petitioner has unilaterally terminated the Talent Agreement after mistakenly believing that Cruz-Valdes resigned both as production unit manager and as a talent.⁷⁹

As petitioner itself had terminated the Talent Agreement, respondents argue that it can no longer validly enforce the exclusivity clause, and thus, can have no valid cause of action.⁸⁰

Respondents also maintain that petitioner's reliance on the Court of Appeals Decision in the injunction case is immaterial. They say that ruling was on an separate action for certiorari and, in any case, was a mere interlocutory order and did not settle the case on its merits.⁸¹

Finally, respondents justify the grant of actual damages in favor of Cruz-Valdes for being adequately proven. They contend that Cruz-Valdes lost income when petitioner deprived her of her talent fees and restrained her from working for ABS-CBN through the injunction.⁸²

The issues for this Court's resolution are the following:

First, whether or not this Court should entertain this Rule 45 Petition which raises questions of fact;

Second, whether or not respondent Luisita Cruz-Valdes breached her Talent Agreement with petitioner GMA Network, Inc. when she worked as respondent ABS-CBN Broadcasting Corporation's Vice President for News;

Third, whether or not respondent ABS-CBN Broadcasting Corporation is liable for tortious interference when it hired respondent Luisita Cruz-Valdes as its Vice President for News;

Fourth, whether or not respondent Luisita Cruz-Valdes is entitled to actual damages of ₱2,000,000.00 representing her lost income; and

Finally, whether or not petitioner GMA Network, Inc. is entitled to liquidated damages, exemplary damages, and attorney's fees.

The Petition should be denied.

⁷⁹ Id.

⁸⁰ Id. at 204.

⁸¹ Id. at 199.

⁸² Id. at 203.

I

This Petition raises questions of fact which are outside the scope of a Rule 45 petition. *Pascual v. Burgos*⁸³ states that this Court does not entertain factual questions because the lower courts' factual findings are considered final and binding on the parties and on this Court when these are supported by substantial evidence.⁸⁴ This Court will not disturb such findings on appeal.⁸⁵ However, jurisprudence recognizes 10 exceptions to this rule:

(1) When the conclusion is a finding grounded entirely on speculation, surmises or conjectures; (2) When the inference made is manifestly mistaken, absurd or impossible; (3) Where there is a grave abuse of discretion; (4) When the judgment is based on a misapprehension of facts; (5) When the findings of fact are conflicting; (6) When the Court of Appeals, in making its findings, went beyond the issues of the case and the same is contrary to the admissions of both appellant and appellee; (7) The findings of the Court of Appeals are contrary to those of the trial court; (8) When the findings of fact are conclusions without citation of specific evidence on which they are based; (9) When the facts set forth in the petition as well as in the petitioner's main and reply briefs are not disputed by the respondents; and (10) The finding of fact of the Court of Appeals is premised on the supposed absence of evidence and is contradicted by the evidence on record.⁸⁶ (Citations omitted)

Merely alleging any of the exceptions does not suffice. Exceptions must be "alleged, substantiated, and proved by the parties so this [C]ourt may evaluate and review the facts of the case."⁸⁷

Petitioner pleads its case as an exception, stating that the Court of Appeals disregarded salient facts and evidence, making its Decision entirely grounded on speculation, surmises, and conjectures.

Petitioner is mistaken. The Regional Trial Court and the Court of Appeals made consistent factual findings from the case records. They both properly evaluated the resignation letter, the bone of contention in this case.

Both courts concluded that the letter only pertained to respondent Cruz-Valdes's resignation as a production unit manager, and not as a talent. They also agreed that she may simultaneously work as a talent for petitioner and as a news executive for respondent ABS-CBN.

⁸³ 776 Phil. 167 (2016) [Per J. Leonen, Second Division].

⁸⁴ Id. at 182.

⁸⁵ Id.

⁸⁶ Id. at 182-183.

⁸⁷ Id. at 169.

Respondents also correctly pointed out that the Court of Appeals' pronouncements in the injunction case, on which petitioner mainly relies its argument, are irrelevant. Those statements were only made in relation to the injunction case and do not, in any way, settle the merits of the main case for breach of contract and damages.

Only on the main case, after a full-blown trial, did the Regional Trial Court make its factual findings, which the Court of Appeals affirmed. These findings were properly substantiated by the records, as will be shown below, hence, this Court finds no reason to disturb these findings of fact.

II

A breach of contract is the "failure without legal reason to comply with the terms of a contract."⁸⁸ It is also the "failure, without legal excuse, to perform any promise which forms the whole or part of the contract."⁸⁹

Under the Talent Agreement, both parties had their obligations. Petitioner had to provide respondent Cruz-Valdes shows where she could work as a talent and pay her talent fees. For her part, Cruz-Valdes had to work as a talent in petitioner's shows, and was also prohibited from doing certain things under the Talent Agreement. Paragraph 4 prohibited her from rendering services to any other production without petitioner's prior written consent.⁹⁰

Petitioner alleges that respondent Cruz-Valdes breached the Talent Agreement when she agreed to work for respondent ABS-CBN as its Vice President for News. It cites paragraph 4 of the Talent Agreement and argues that Cruz-Valdes did not secure its prior written consent.⁹¹

In her defense, respondent Cruz-Valdes argues that petitioner had already terminated the Talent Agreement when it replaced her in the programs she hosted. She was also asked to turn over company properties, which rendered it impossible for her to perform her work as a talent. Because of these, she considered the Talent Agreement rescinded by petitioner, whose written consent was, therefore, no longer necessary. All throughout, she insists that she only resigned as a production unit manager, and not as a talent.⁹²

⁸⁸ *Cathay Pacific Airways v. Spouses Vazquez*, 447 Phil. 306, 320 (2003) [Per C.J. Davide, First Division].

⁸⁹ *Id.*

⁹⁰ *Rollo*, pp. 83-86.

⁹¹ *Id.* at 28.

⁹² *Id.* at 196-197.

Both the Regional Trial Court and the Court of Appeals agreed with respondent Cruz-Valdes, and so does this Court.

Respondent Cruz-Valdes could simultaneously work as petitioner's talent and respondent ABS-CBN's Vice President for News. Paragraph 4 of the Talent Agreement itself confirms this. It allowed her to work for other programs as long as she could secure petitioner's prior written consent.

In any case, petitioner cannot insist on the lack of its written consent because, by its own actions, petitioner itself rendered it impossible for respondent Cruz-Valdes to work as a talent. Petitioner had rescinded the Talent Agreement. It cannot claim, on one hand, that its written consent was necessary under the Agreement, but on the other hand refuse to acknowledge its obligations under the same contract to provide respondent Cruz-Valdes with work as a talent. Considering petitioner's actions—advising her to go on terminal leave, requiring her to surrender company properties, cutting off access to her company email, engaging other talents to replace her on its shows—she cannot be expected to still work as its talent. If anyone breached the Talent Agreement, it was petitioner.

Petitioner cannot force respondent Cruz-Valdes to fulfill her obligations when petitioner itself stopped fulfilling its own. As such, Cruz-Valdez no longer had the obligation to follow the conditions in the Talent Agreement, let alone the written consent requirement in paragraph 4. She therefore committed no contractual breach when she began working as respondent ABS-CBN's Vice President for News.

III

Petitioner anchors its action for tortious interference on Article 1314 of the Civil Code, which states that "any third person who induces another to violate [their] contract shall be liable for damages to the other contracting party."

Tortious interference refers "to a situation where a third person induces a party to renege on or violate [their] undertaking under a contract."⁹³ "Induce" here means "a person causes another to choose one course of conduct by persuasion or intimidation."⁹⁴ In forbidding tortious interference, the law aims to respect the property rights of contracting parties by providing a cause of action *ex delicto* based on an "unlawful interference by one person of the enjoyment by the other of [their] private property."⁹⁵

⁹³ Id. at 540.

⁹⁴ *Lagon v. Court of Appeals*, 493 Phil. 739, 748 (2005) [Per J. Corona, Third Division].

⁹⁵ *So Ping Bun v. Court of Appeals*, 373 Phil. 532, 540 (1999) [Per J. Quisumbing, Second Division].

In *So Ping Bun v. Court of Appeals*,⁹⁶ this Court listed the elements of tortious interference: “(1) existence of a valid contract; (2) knowledge on the part of the third person of the existence of contract; and (3) interference of the third person is without legal justification or excuse.”⁹⁷

The first element is lacking here. When the supposed interference took place, petitioner had already asked respondent Cruz-Valdes to go on terminal leave, required her to surrender company properties, cut off her access to her company email, and replaced her with other talents on her shows. By doing so, it prevented her from complying with her obligations under the Talent Agreement; it unilaterally terminated the contract.

The second element is present. Respondent Cruz-Valdes admits having met and informed respondent ABS-CBN’s President Garcia of the Talent Agreement before she resigned from petitioner.⁹⁸

On the last element, *So Ping Bun* requires that the third person’s interference is without any legal justification or excuse. “It is sufficient [justification] if the impetus of [their] conduct lies in a proper business interest rather than in wrongful motives.”⁹⁹ As long as a proper economic or financial interest exists, the third person cannot be held liable for tortious interference. Respondent ABS-CBN has shown this.

For one, it had been in need of a news executive who could train employees and supervise its news department. Respondent Cruz-Valdes, a media veteran but was only employed as a production unit manager by petitioner, had been a good candidate. Says respondent ABS-CBN, engaging Cruz-Valdes as its Vice President for News was necessary to improve its level of competence.¹⁰⁰

Moreover, respondent ABS-CBN hired respondent Cruz-Valdes as a news executive, and not as a talent. It needed Cruz-Valdes for a completely different position performing different tasks.¹⁰¹ Thus, the Talent Agreement between her and petitioner was of no consequence to ABS-CBN’s decision to hire her as the Vice President for News. This would not have affected her work as petitioner’s talent.

As the lower courts found, respondent ABS-CBN’s reasons cannot be considered illegal or malicious. There is no proof that its sole motive when it hired respondent Cruz-Valdes was to cause petitioner harm.

⁹⁶ 373 Phil. 532 (1999) [Per J. Quisumbing, Second Division].

⁹⁷ Id. at 533.

⁹⁸ *Rollo*, p. 183.

⁹⁹ *So Ping Bun v. Court of Appeals*, 373 Phil. 532, 541 (1999) [Per J. Quisumbing, Second Division].

¹⁰⁰ *Rollo*, p. 75.

¹⁰¹ Id.

IV

Petitioner questions the award of damages in favor of respondent Cruz-Valdes. The lower courts had awarded her ₱2,000,000.00 as actual damages, representing the income she would have earned per her Talent Agreement with petitioner.

Respondent Cruz-Valdez is correctly entitled to actual damages. As earlier discussed, petitioner breached the Talent Agreement when it refused to comply with its obligations to Cruz-Valdes. True, paragraph 16 of the contract gives petitioner an exclusive option to terminate it, but petitioner did so on no valid grounds at all, seeing as how Cruz-Valdes had never committed a contractual breach herself. She only resigned as an employee, not as a talent. Yet, she lost the income she would have earned from the Talent Agreement, and all because petitioner hastily jumped to conclusions, for which it must take responsibility.

As the Court of Appeals found, respondent Cruz-Valdes was entitled to the following income: (1) ₱33,333.33 monthly for every episode of "I-Witness," aired every third Monday of the month; (2) ₱33,333.33 monthly for "Saksi"; (3) ₱3,333.33 for every episode of "Brigada Siete," which aired weekly, for a total of ₱13,333.32 monthly; and (4) ₱11,111.11 monthly for "Unang Hirit." Deduct income tax, and her monthly income would have been ₱91,111.09 under the Talent Agreement.¹⁰²

As she was prevented from earning her talent fees for 10 months, from October 15, 2001 until the Talent Agreement expired on August 20, 2002, she is entitled to a total of ₱911,110.90.

Furthermore, owing to the injunction petitioner had secured, respondent Cruz-Valdes was also prevented from performing her duties as ABS-CBN's Vice President for News. The Writ was issued on December 28, 2001, which lasted until the Talent Agreement expired on August 20, 2002. Within this period, her monthly income would have been ₱255,000.00, for a total of ₱1,785,000.00.¹⁰³

In sum, respondent Cruz-Valdes is entitled to around ₱2,696,110.90 representing unearned income under her Talent Agreement with petitioner and her employment contract with respondent ABS-CBN.

¹⁰² Id. at 76.

¹⁰³ Id.

Since petitioner posted a bond for ₱500,000.00, this amount should be released to respondent Cruz-Valdes and deducted from the total award of actual damages. Thus, the total actual damages that petitioner should pay her is ₱2,196,110.90.

V

Petitioner cannot claim liquidated damages. Liquidated damages, as agreed upon by contracting parties, are predicated on a contractual breach.¹⁰⁴ Since, as discussed, respondent Cruz-Valdes did not breach the Talent Agreement, she cannot be held liable for liquidated damages.


Petitioner also claims that exemplary damages should be awarded “to deter similar acts of tort[i]ous interference and by way of example and correction for the public good.”¹⁰⁵ However, as respondents did not commit tortious interference or any wrongful act, exemplary damages cannot be awarded.

Finally, petitioner’s claim for attorney’s fees is fruitless. Attorney’s fees are not awarded as a general rule, and the party claiming them must show that their case falls under the instances enumerated in Article 2208 of the Civil Code. Petitioner fails to show this.

WHEREFORE, the Petition is **DENIED**. The July 25, 2012 Decision and January 17, 2013 Resolution of the Court of Appeals in CA-G.R. CV No. 91739 are **AFFIRMED WITH MODIFICATIONS**. The ₱500,000.00 bond posted by petitioner GMA Network, Inc. is ordered **RELEASED** to respondent Luisita Cruz-Valdes. Petitioner is **ORDERED** to pay her ₱2,196,110.90 as actual damages.

The award shall be subject to interest at the rate of 6% per annum from the finality of this Decision until fully paid.¹⁰⁶

SO ORDERED.



MARVIC M.V.F. LEONEN
Associate Justice


¹⁰⁴ CIVIL CODE, art. 2226.


¹⁰⁵ *Rollo*, p. 50.

¹⁰⁶ See *Nacar v. Gallery Frames*, 716 Phil. 267 (2013) [Per J. Peralta, En Banc].

WE CONCUR:


RAMON PAUL L. HERNANDO
 Associate Justice

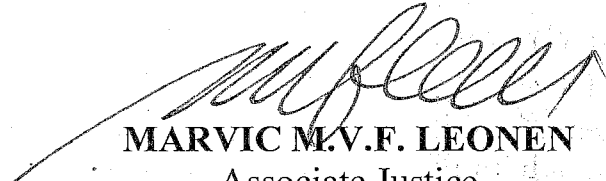

HENRI JEAN PAUL B. INTING
 Associate Justice


EDGARDO L. DELOS SANTOS
 Associate Justice


JHOSEP LOPEZ
 Associate Justice

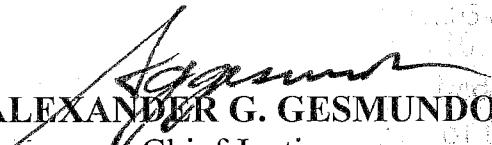
ATTESTATION

I attest that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


MARVIC M.V.F. LEONEN
 Associate Justice
 Chairperson

CERTIFICATION

Pursuant to Section 13, Article VIII of the Constitution and the Division Chairperson's Attestation, I certify that the conclusions in the above Decision had been reached in consultation before the case was assigned to the writer of the opinion of the Court's Division.


ALEXANDER G. GESMUNDO
 Chief Justice